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PREPARED BY: Jeanne Glenn
DATE PREPARED: February 06, 2012
PHONE: 471-0056

LB 905

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	500,000	850,000 to 950,000	500,000	850,000 to 950,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	500,000	850,000 to 950,000	500,000	850,000 to 950,000

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 905 would change the method used to assess the excise tax deposited in the Nebraska Wheat Development, Utilization and Marketing Fund. Current law provides for a per bushel assessment of 1 and ¼ cents; LB 905 would amend the excise tax to be five-tenths percent of the net market value of wheat sold through commercial channels in Nebraska. The excise tax could be increased by the Nebraska Wheat Development, Utilization and Marketing Board up to 75 hundredths percent of net market value.

Information received from the Nebraska Wheat Board indicates that if an excise tax of five-tenths percent of the net market value had been in effect during the last 2 years, revenue would have ranged from \$1,730,000 to \$1,816,000. The existing per-bushel excise tax has yielded amounts ranging from \$800,000 to \$815,000 in the last 2 years. Based upon this information, the increase in revenue to the Wheat Board could range from \$850,000 to \$950,000 per year.

An increased cash fund expenditure authority would be necessary as a result of LB 905. Because the agency cash fund appropriation is currently \$1,338,330, there is no basis to disagree with the agency estimate of the need for an additional \$500,000 in expenditure authority. The agency notes that a small portion of the increased funds would be used to increase and upgrade a .75 FTE position to a full-time position.

LB 905 would also allow the Nebraska Wheat Development, Utilization and Marketing Fund to receive gifts, grants, bequests or other contributions from public and private entities, including license fees and royalties. Current law does not allow the fund to receive sources of revenue other than the excise tax. There may be a small increase in revenue as a result of these provisions, but the amount cannot be estimated at this time.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David J. Spatz	DATE	1/26/12	PHONE	471-4179
COMMENTS					
DEPARTMENT OF AGRICULTURE: Concur with Department of Agriculture's analysis and estimate of minimal fiscal impact for the computer change and notification costs in informing the first purchasers of rate changes.					
NEBRASKA WHEAT BOARD: Concur with the Nebraska Wheat Board's estimate of additional tax receipts from increasing the excise tax on wheat. The provisions of LB 905 do not cause additional expenditures or require additional appropriations.					

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LEGISLATIVE FISCAL

Please complete ALL (5) blanks in the first three lines.

LB⁽¹⁾ 905 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Agriculture

Prepared by: ⁽³⁾ Robert Storant Date Prepared: ⁽⁴⁾ 1/17/12 Phone: ⁽⁵⁾ 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 905 changes and updates provisions of the Nebraska Wheat Resources Act. There will be a minimal fiscal impact to the Department with the passage of this bill to change the computer system with the new rates and to notify first purchasers of the rate change.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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LB⁽¹⁾ 905 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Wheat Board

Prepared by: ⁽³⁾ Royce Schaneman Date Prepared: ⁽⁴⁾ 01/20/2012 Phone: ⁽⁵⁾ 471-4873

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 905 would change the wheat check-off assessment from a .0125 per bushel rate to .005 (.5%) per market value, expand the authority of the Wheat Development, Utilization and Marketing Fund to receipt funds other than from check-off and eliminate the requirement contracts cannot exceed one year in duration.

Using market value, bushels produced and price will determine the amount of check-off revenue collected. Based on USDA statistics following is a comparison of the difference in the amount of revenue that would be collected using historical information.

<u>Harvest Year</u>	<u>Harvested acres</u>	<u>Bushels Produce</u>	<u>Collection @ .0125</u>	<u>Avg. Price</u>	<u>Collection @ .5%</u>
2011	1,450,000	65,250,000	\$ 815,625	N/A	N/A
2010	1,490,000	64,070,000	\$ 800,875	\$5.40	\$1,729,890
2009	1,600,000	76,800,000	\$ 960,000	\$4.73	\$1,816,320
2008	1,670,000	73,480,000	\$ 918,500	\$6.60	\$2,454,232
2007	1,960,000	84,280,000	\$1,053,500	\$5.82	\$2,452,548
2006	1,700,000	61,200,000	\$ 765,000	\$4.57	\$1,398,420

Current agency cash fund appropriation for FY 2012-13 is \$1,338,330. It is unknown what the final acres to be harvested will be in July, 2012, what the price will be and when the wheat will be marketed. The fiscal note requests the cash fund appropriation be increased by \$500,000 to reflect estimated additional revenue that maybe collected. It is also the boards desire to utilize a 1.0 FTE Agriculture Promotion Coordinator position in instead of the current .75 Public Information Officer. The adjustment in classification and to make the position a 1.0 FTE is reflected in the personal salary ceiling below.

The bill contains the emergency clause in order to allow the change in assessment to coincide with the crop marketing period.

Continued

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Agriculture Promotion Coordinator	.25 FTE	.25 FTE	21,700	21,700
Benefits.....				
Operating.....			478,300	478,300
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			500,000	500,000